

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Prohibition and Excise — Excise Policy on Pricing and Taxation – Orders – Issued

REVENUE (EXCISE) DEPARTMENT

G.O.MS.No.214 **Dated: 30-09-2024**
Read the following:

- 1. AP Ordinance No.6 of 2024 dated 30.09.2024
 - 2. G.O.MS No.210, Revenue (Excise) Department dated 30.09.2024.
 - 3. G.O.MS No.211, Revenue (Excise) Department dated 30.09.2024.
 - 4. From Director, Excise and Prohibition C.R.No.2906/2024/CPE/E3, Dated:30.09.2024.
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ORDER:

The Government have reviewed the Excise policies implemented during 2019-24 and prepared the Way Forward regarding the Excise policies to be pursued for the ensuing Excise years. Pursuant to the Way Forward, a Cabinet Sub-Committee has been constituted for recommending Draft New Comprehensive Excise Policy on Retail Trade, Pricing of Liquor and Taxation.

- 2. The Cabinet Sub-Committee has conducted an in-depth evaluation of the current Excise Policy of the State with reference to the various Excise policies followed previously. This review also includes several insights from study teams led by Deputy Commissioners, who conducted field visits to Telangana, Karnataka, Tamil Nadu, Kerala, Rajasthan, and Uttar Pradesh, as well as extensive feedback from key stakeholders. Further, the Committee assessed the performance of the existing policy with respect to public health impact and other critical metrics including revenue generation efficiency.
- 3. After thorough deliberations and detailed analysis, the Cabinet Sub-Committee has submitted its report setting out the recommendations on the Draft Excise Policy 2024 including privatisation of retailing of liquor, the number of Shops, reservations of Shops for Geeta Kulalu, method of disposal, Retail Excise Tax structure etc. The Government have carefully examined the recommendations of the Cabinet sub-committee on the Draft Excise Policy 2024 and decided to formulate the new excise policy for 2024-26 basing on the recommendations of the Cabinet Sub-Committee.
- 4. By virtue of the reference 1st read above, the sale of IMFL & FL by Shop shall be regulated by the rules made by the Government in that behalf.
- 5. In the reference 2nd read above, the Government have issued rules for regulating the sale of IMFL & FL by Shop in the State and the Government have issued the Retail Excise Policy for 2024-26 in the reference 3rd read above.
- 6. In the reference 4th read above, the Director, Prohibition & Excise has submitted a comprehensive proposal regarding the new Excise policy on pricing and taxation to be implemented for 2024-26.
- 7. The Government, after careful examination of the proposal submitted by the Director, Prohibition & Excise, Andhra Pradesh, hereby formulate the following Excise Policy in respect of Pricing and Taxation:-

- 1. **Introduction of Low-Priced Liquor:** A new category of low-priced liquor (priced at INR 99 or less) shall be introduced to provide affordable options while maintaining quality standards. National Suppliers shall be encouraged to introduce Reputed National brands.
- 2. **Basic Price Review:** As decided by the Government, the existing Basic Prices of IMFL and FL need to be reviewed. A new Tender Committee shall be constituted and a new tender process to be initiated to fix the Basic Prices

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afresh so as to align with the Basic Prices prevailing in other States, market realities and policy goals. Tender Committee comprising a Retired High Court Judge as Chairperson and other members as per the existing procedure shall be established to oversee the rationalization of basic prices. The process of review of Basic Prices should be completed within 90 days. The Tender Committee shall also be cognizant of the fact that it is critical to establish a fair and balanced pricing structure that aligns MRPs with neighboring States. By doing so, the State can discourage the cross-border movement of NDPL and foster a more regulated and transparent market environment. The revision of basic prices is a key step towards eliminating the price discrepancies that contribute to these issues.

3. **Tax Adjustment:** To prevent the issue of Non-Duty Paid Liquor (NDPL) and ensure consistent Maximum Retail Prices (MRPs), RET and ARET shall be rationalized. This shall help maintain uniform pricing, accommodate the Retailer Margin and mitigate the reasons that might lead to the proliferation of illicit liquor.

4. Tax Structure Simplification:

4.1 The Government has resolved that the current tax structure shall be simplified by reducing the number of tax heads from 10 to 6. The new tax heads are advised as follows:

- 4.1.1 Excise Duty
- 4.1.2 Retail Excise Tax (RET)
- 4.1.3 Value Added Tax (VAT)
- 4.1.4 Special Margin
- 4.1.5 Additional Retail Excise Tax (ARET)
- 4.1.6 Rounding Off Prices

4.2 Introduction of Drug Control/Rehabilitation Cess:

A new Cess at 2% on the Landed Cost shall be introduced. This Cess shall be dedicated to funding narcotics control, de-addiction measures/centres, counselling etc., to ensure that these public services receive the necessary financial support for effective operations.

8. The Director, Prohibition and Excise and the Managing Director, APSBCL shall take necessary action accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**MUKESH KUMAR MEENA
PRINCIPAL SECRETARY TO GOVERNMENT**

To

The Director, Prohibition & Excise, A.P. Vijayawada.

The Managing Director, AP State Beverages Corporation Limited, Vijayawada.

Copy to:

The Accountant General, Andhra Pradesh, Vijayawada

The P.S. to Prl. Secy. to CM.

The PS to Hon'ble Minister for Prohibition and Excise.

The PS to Prl. Secretary to Govt., Revenue (Excise & Mines) Dept,

SF/SC

// FORWARDED :: BY ORDER//

SECTION OFFICER